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DEPARTMENT OF STATE

Memorandum of Conversation

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Reviewed by:	<u>hjs</u>
Date:	8/21/74

DATE: May 31, 1974  
TIME: 1:00 p.m.  
PLACE: Madison/Monroe Dining Room

SUBJECT: Secretary's Luncheon Meeting with Outside Experts

PARTICIPANTS: Philip Handler, President, National Academy  
of Sciences  
Eugene Skolnikoff, Director of Center for  
International Studies, MIT  
Richard Gardner, Professor of International  
Law, Columbia University Law School  
Hans Landsberg, head of the resources and energy  
office of Resources for the Future, Inc.  
Richard Cooper, Professor of Economics,  
Yale University  
Lester Brown, Director, Global Interdependence  
Project, Overseas Development Council  
The Secretary  
Mr. Parker, AID Administrator  
Mr. Sisco  
Mr. Lord  
Mr. Enders  
Mr. Bowker, S/P (note-taker)

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MR. GARDNER: It is very good of you to keep this luncheon  
appointment with us; we are surprised and delighted.

THE SECRETARY: There was just not another good day for  
some time, and I wanted to have this discussion. I have  
made this UN Speech. It reflects that sometimes the best  
way to make policy is to announce it and then see what  
needs to be done to implement it. I have announced that  
we are willing to do something and I am willing to ram it  
through the government if we have a good program. Winston,  
how would you like to proceed?

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MR. LORD: I asked each of our guests to look at your UN Speech and to consider what are the implications of some recent events. The question is how we should now move out, with the UN Speech as a starting point but not confining our discussion to that framework.

THE SECRETARY: Let's take more general issues first. Who would like to start?

MR. GARDNER: The first problem I see is that the developing countries as a group feel that we have neglected them. We have not brought to a global agenda of negotiations in this area the same conceptual framework you have shown in other areas of foreign policy. Our Government is not able to deal in some of the new problem areas of foreign policy, including their LDC aspects.

A second problem is that the international rules of the game and institutions are in trouble.

Returning to the first problem, your UN Speeches were splendid, but our implementation and delivery systems are not adequate to your vision. To be candid, this includes the US/UN Missions in Geneva and New York. If we are to institutionalize a structure of peace internationally, we need one in the US Government as well. One way to do this would be a multilateral Under Secretary of State; another would be a czar, perhaps within the NSC structure, for US multilateral affairs, including the newer issues such as Law of the Sea.

THE SECRETARY: Couldn't an Economic Under Secretary do it?

MR. GARDNER: It is a bit more than economics; Law of the Sea matters, for example, are a non-economic subject which require much more attention.

In our bilateral diplomacy we also need to give more priority to the new issues. For example, in our commissions with the Soviets we should discuss the World Food Conference, Law of the Sea and so forth, so that the USSR will not always be working against us in these multilateral endeavors. That is, there would be a multilateral payoff for this.

THE SECRETARY: What points would others like to make?

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MR. SKOLNIKOFF: I think that in so many areas which involve science and technology the question of institutional machinery comes up. For example, to what extent are other governments involved in areas of priority concern to us? Then there is the whole problem of the low priority accorded to science and technology at the international level. Take nuclear issues for example -- plutonium terrorism, proliferation, and so forth. There is no international capability to deal with these problems as nuclear plants in LDCs proliferate.

THE SECRETARY: Who handles this in the Department?

MR. ENDERS: IO and . . .

THE SECRETARY: And others as well, I assume.

MR. ENDERS: SCI is involved, and outside the Department, AEC. EB is concerned when it entails international negotiations.

MR. LORD: S/P has been working on this specific problem as well.

THE SECRETARY: Gene's point is that we are force-feeding nuclear energy and this makes the diversion problem more difficult unless we deal with it as proliferation occurs.

MR. COOPER: There are very specific problems here. For example, do we have a mechanism to collect and control waste plutonium?

THE SECRETARY: The time to get a hold of this is at the time of force-feeding.

MR. HANDLER: This assumes we have adequate technology to deal with these problems, which may not be true.

MR. LANDSBERG: Part of the problem is that we don't have leadership in the US Government on this issue. But let me clear up that it is not the U.S. which is force-feeding nuclear energy to LDCs, it is the world.

MR. SKOLNIKOFF: Right.

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THE SECRETARY: This is a problem that could be discussed in the International Energy Group we set up at the Washington Conference.

MR. SKOLNIKOFF: We in the U.S. are worrying about all kinds of detailed decisions, on siting, for example, which affect these nuclear questions. But will others? What we require to approach this problem is international machinery and a willingness to use it.

MR. HANDLER: The problem now is to address the question. Solutions are not yet at hand.

MR. SKOLNIKOFF: The way the US Government is set up now State is left to accept the international results of whatever the technical agencies do.

THE SECRETARY: How could State get a handle on this?

MR. ENDERS: The ECG, as you suggested, is one way. Doing it as part of a general energy cooperation is another.

MR. SKOLNIKOFF: State now has a legitimate role and must seize it. It is leaving foreign policy to technical agencies, although there is some existing AID role. The problems of other countries are relevant to our scientific and technological efforts, but the technical agencies are not capable of thinking in terms of global priorities.

MR. BROWN: The health area is another example of just this problem. Schistosomiasis affects 250 to 400 million people in the world, but as far as I know, we have not allocated one dollar to its study.

MR. HANDLER: The drug companies have spent more on this than the US Government. The U.S. has only two scientists in this field.

THE SECRETARY: I have no alibi for this because I can use the NSC to get on top of these questions if I cannot use State. I need help identifying the problems and finding solutions. As a country we need a long-term strategy in each area rather than a series of ad hoc programs.

MR. SKOLNIKOFF: As far as the LDCs are concerned, we have never made a commitment in the R&D field to their problems.

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THE SECRETARY: Do we know what to spend the money on, should we make such a commitment?

MR. BROWN: What we need to focus on is what are the priority technological problems on a global basis. Do these include the technology of contraception, schistosomiasis, better rice strains?

THE SECRETARY: Can you get a group to do that?

MR. HANDLER: The result could be a horror if one solves schistosomiasis first and population last. And population is after all not a technological problem.

THE SECRETARY: My difficulty is that we can give a speech but we can't push implementation. The Algerians have a simple-minded solution but we don't have a counterproposal. (Although one has to keep in mind that resolutions don't hurt us much and that the Algerians are not that serious about it.) Can you (Mr. Handler) do something on this by the fall General Assembly?

MR. HANDLER: I think so.

MR. PARKER: The Development Coordination Committee which I head is a complementary mechanism for looking into this.

MR. GARDNER: I would like to turn to what you can do in the near term. You have to turn around the House on IDA.

MR. COOPER: That is very important.

THE SECRETARY: I can do that, if the President lets me stay in the country.

MR. GARDNER: Another question is what the U.S. is going to contribute to the international effort for the least developed.

THE SECRETARY: How much are you talking about?

MR. GARDNER: A study that I have been working on with others suggests a US contribution of \$500 million in the form of food aid, along the lines of Senator Humphrey's proposals. The U.S., the EC and Japan together would do about half the job, and OPEC the other half. US leadership on this is essential.

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THE SECRETARY: There was a problem on this while I was gone, with Treasury, as I understand it, holding back. That can be fixed now.

MR. PARKER: Our effort at the UN was misdirected; it was an effort to solve substance with tactics.

THE SECRETARY: Do we have a proposal now?

MR. LORD: We have sent you one.

MR. ENDERS: Given that the oil prices may stay up for some years, our proposal looks to the Bretton Woods forum for serious coordination work over this period, complementing the UN effort.

MR. GARDNER: Another task ahead is to get a system of multilateral guidelines for nationally held stocks of foodgrains.

THE SECRETARY: We have objections from Agriculture on that.

MR. PARKER: There has been some change on that score. CIEP consideration of stocks has been narrowed down to two options and this is apparently acceptable to Agriculture.

THE SECRETARY: What are the options?

MR. PARKER: One describes Government stocks for food aid only and the other Government stocks for food aid and commercial purposes. My proposal on food aid was a level of 9 million tons for all purposes, including Title I and II.

MR. COOPER: The domestic politics of food aid have changed which leads me to disagree with Dick (Gardner).

MR. GARDNER: Dollars are still much harder to get than food.

MR. BROWN: The considerable media and public concern with the food world problem makes it easier.

MR. PARKER: Logically it might be better to provide dollars, but politically we just don't have the same capability.

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MR. LORD: Secretary Butz could be your political antenna on this.

THE SECRETARY: What else should we be doing?

MR. SKOLNIKOFF: To stay on food for another moment, a few years down the road the situation could be worse. We could face a painful choice of either slowing down US meat consumption or halting our food aid program.

MR. HANDLER: The first choice we face is exports versus domestic consumption. Your choice is the second one.

MR. COOPER: The choice will appear in the form of prices; the question is whether the US public will be satisfied with 50 cent bread and three dollar beef, since it is these prices that will ration domestic consumption.

MR. ENDERS: But the price implications of the volume of food aid we are talking about are not ominous.

MR. BROWN: Voluntary changes in US consumption might be possible especially if meat consumption were highlighted as a health issue.

MR. HANDLER: But that frightens people which is not very helpful.

MR. PARKER: The most disturbing factor in the food situation has been the East European problem.

THE SECRETARY: We can handle that.

MR. ENDERS: Well perhaps, we need stock objectives for others and ourselves if this is to work.

THE SECRETARY: On the Soviet deal, nobody foresaw the problem that we could sell too much wheat.

MR. PARKER: The Soviets made a domestic policy change; contrary to past practice, they didn't slaughter the herds down to a level to fit their grain supplies.

MR. ENDERS: They kept on feeding.

MR. HANDLER: I feel we're describing solutions without defining the problem. Les, would you like to try defining the problem?

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MR. BROWN: Quite simply, we have a trend of rising food prices and this has led to a reversal, for the first time, of the trends of declining death rates and improving nutrition. I feel that a global strategy must be based on a shift in emphasis from increasing supply to reducing demand -- most centrally population growth. Our standing predictions on population growth are no longer possible. Something has to give, the birth rate or the death rate.

THE SECRETARY: I wanted to use this meeting to see how you see these new issues. Watergate or not this Administration has to turn to the task of handing over the job to others. By that time we can at least define the issues. We can get going by defining what the problems are and what are the directions in which we should be moving. I would like to get together on this, during the week of June 19-25. Can you (Mr. Lord) set this up? Will two hours do it?

MR. BROWN: Yes. We (Handler and Brown) have a group that will be ready with something by then.

THE SECRETARY: You (Mr. Handler) can get a group set up on science and technology questions for a session around the end of July.

MR. GARDNER: One other thing I would like to mention is the UN Population Conference in August.

THE SECRETARY: Frankly I'm not sure I knew there was one.

MR. GARDNER: If you indicate a desire to go, it will change the whole thing. For example, the Soviets will have to recognize this problem.

THE SECRETARY: Who is coming to the Conference?

MR. GARDNER: That's still unclear.

THE SECRETARY: Who are we planning to send? (Turning to Mr. Enders) Are you confirmed yet?

MR. ENDERS: No, so I can't go.

MR. GARDNER: The point is population is important and we have to do what we do on this question in a multilateral framework.

THE SECRETARY: What do we want to do?

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MR. GARDNER: I have brought along a written proposal which I will leave. First we want each country to set a population target; only a handful have done so. The urgency is not recognized. For example, when I talked to the Algerians, they shrugged off the problem by asserting that Algeria could support double its present population. They seemed shocked when I told them the demographic mathematics were such that they needed to start new programs yesterday if their objective was to keep their population from going much beyond double the present level. Second, we want an obligation on each country to report to the UN what it is doing.

THE SECRETARY: Who is handling this in the Department?

MR. ENDERS: Phil Claxton.

THE SECRETARY: Someone said there is a NSSM on Population.

MR. LORD: We are doing this and it should be completed shortly.

MR. GARDNER: The third thing we need is a strategy for reducing fertility -- to include action on women's rights, jobs, education and economic development.

MR. SKOLNIKOFF: The last point is the important one.

MR. BROWN: That's right. Historically birth rates have declined only where standards of living are rising so that personal security is established apart from having children. The problem is reproducing out of desperation.

THE SECRETARY: How do you reproduce out of desperation?

MR. HANDLER: With high infant mortality you have many children to assure that some are around later to do the work and take care of you. But returning to the broader issue, the specter that bothers me is that we might provide just enough food aid to keep people alive but not to raise their level of nutrition and standard of living.

MR. PARKER: We are proposing that food aid be accompanied by conditions in the population field.

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MR. HANDLER: How do you do that internationally without appearing racist? You have to convince the LDCs that population control is in their interest not ours.

MR. BROWN: One problem is that the United States is among those many countries that does not have a population target.

MR. HANDLER: We could get one merely by making explicit what we know is going to happen anyway.

MR. GARDNER: To return to another subject, the course of the Law of the Sea Conference disturbs me very much. We are heading for a failure unless the US position changes. To get approval for passage through straits for submarines and so forth, which we need for security reasons, we need to change our position in some other respects such as accepting an international regime or authority for rule-making for seabed mining; we also need to accept revenue sharing from the proceeds of seabed concessions. With regard to coastal areas, where it is gas and oil that are involved, we need to accept, again, both revenue sharing and a degree of international authority. If we don't the Conference could fail.

THE SECRETARY: Dick, we haven't heard much from you.

MR. COOPER: I don't disagree with anything that has been said, but I would give these points different emphasis. Most of what has been said concerns the LDCs. I think our serious differences are with Europe and Japan. Elsewhere (and this includes even Canada if it gets over its misconceptions regarding its own interests) the interests of other countries are not that different from ours. There is a lack of follow-up in our dealings with Europe and Japan.

THE SECRETARY: On which side?

MR. COOPER: Both sides, but ours most significantly.

THE SECRETARY: For example?

MR. COOPER: The monetary area is one example.

THE SECRETARY: That's not just follow-up; there is a fundamental disagreement.

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MR. COOPER: Yes, but from 1970 on the perception of the US position in Europe has been one of the U.S. letting things go, leaving it to the market.

THE SECRETARY: But that is our position.

MR. COOPER: Yes, but we don't move fast enough to protect it.

THE SECRETARY: For example?

MR. COOPER: When floating started we should have jumped in with proposed rules for floating, since dirty floating should have been seen as inevitable. We are finally there, but it took 15 months. A second example is the financing of the energy crisis, where we have been too passive.

THE SECRETARY: Give me a solution.

MR. COOPER: We left it to Witteveen. His proposal is a step in the right direction but not enough. We have left it to the oil companies and the big banks. The governments have done nothing but make good statements. The financial world is now very shaky. Europe's biggest banks are losing their nerve about lending to Italy.

THE SECRETARY: I agree but we tried and Europe insisted it could do nothing that might displease the Arabs. But the Arabs don't know what pleases them, which leaves the Europeans paralyzed.

MR. COOPER: I agree that the Europeans are not playing it intelligently, but the US Federal Reserve holds all the cards in terms of the world's financial situation. It is not seemly for it to do something unilaterally, but it could convene a group of ten to work up some backing for Italy.

MR. ENDERS: Arthur Burns has been doing this, but in the usual, quiet Central bankers' way; in the Franklin case, for example.

MR. COOPER: The Franklin Bank is more a domestic problem, bad real estate investments in particular, although foreign exchange losses were part of the problem. But the case doesn't have the same international overtones, nor is Franklin a leading bank.

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THE SECRETARY: Where are we on this problem?

MR. ENDERS: There is no consensus on how to deal with it.

THE SECRETARY: Give this highest priority.

MR. ENDERS: I will. It is a range of problems. For example, it involves gold.

MR. COOPER: Be very careful on this question.

MR. LANDSBERG: Is the financing problem a temporary or long-term one?

MR. COOPER: It is a little of both. A sudden change in financing requirements has its own problems, apart from the new situation to which the banking system must adjust. This creates a certain brittleness in the system during the transition. In the long term, the Italians can adjust.

MR. ENDERS: We have discussed one range of issues, concerning programs; that is, what we can do. We haven't hit another set of problems deriving from the fact that our organic relationships with the LDCs are non-existent. We have a mass LDC-DC confrontation which prevents differentiation among the various LDC groups and brings specific issues to the confrontation point, multinational corporations for example.

MR. COOPER: Issues of property and international investment have been neglected for many years. There will be a radical realignment of the world's concept of property. It is in our interest to set generous limits on the possible outcomes.

THE SECRETARY: I have to leave to go to the Foreign Relations Committee, but these are subjects to which I want to devote a lot of time in State and/or the NSC. I agree with Dick that our increased effort should be broader. The LDC problems are close to intractable. In the economic area generally we are stringing together programs without a strategy.

Let's get together in 4-6 weeks again. You (Mr. Handler) are doing something on science and technology. You two (Messrs. Handler and Brown) will do something on food. We have Dick Gardner's thing on population. Dick, (Mr. Cooper) can you put down some of your thoughts?

Even if we don't get it done in this Administration we can set the philosophy straight for the next. As a minimum we want to leave a philosophical framework for our successors.

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